

Message Text

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ACTION EB-07

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FM AMCONSUL PORT MORESBY

TO SECSTATE WASHDC 794

INFO AMEMBASSY CANBERRA

AMEMBASSY TOKYO

LIMITED OFFICIAL USE PORT MORESBY 0840

PASS EXIM BANK AND OPIC

E.O. 11652: NA

TAGS: BEXP, EFIN, PP

SUBJ: STAR-KIST LOAN FOR FISH LOINING/CANNING PLANT

REF: PORT MORESBY 841

1. BRUCE JEPHCOTT, MINISTER FOR NATURAL RESOURCES, AND NICHOLAS TRUTANIC, GENERAL MANAGER FISHERIES DEVELOPMENT FOR STAR-KIST FOODS, INC., PAID CALL ON CONSUL GENERAL AUGUST 19 TO DISCUSS FUTURE ROLE OF STAR-KIST IN PNG TUNA FISHING INDUSTRY. UPSHOT OF DISCUSSION WAS REQUEST BY TRUTANIC WE INQUIRE OF BOTH EXIM BANK AND OPIC THE POSSIBILITY OF LOAN FOR CONSTRUCTION OF TUNA CANNING AND/OR LOINING FACTORY. TRUTANIC SAID FACTORY CAN BE CONSTRUCTED FOR APPROXIMATELY A\$2.5 MILLION AND WOULD LIKE TO OBTAIN USG FUNDING. HE ALSO DISCUSSED POSSIBILITY OF LOAN FOR THE PURCHASE OF SEVERAL U.S. CONSTRUCTED FISHING BOATS WHICH WOULD MEASURABLY IMPROVE THE PRESENT STAR-KIST FISHING OPERATION HERE.

2. JEPHCOTT MADE IT CLEAR THAT GPNG WAS PREPARED TO MAKE OFFICIAL REQUEST FOR SUCH FINANCING AT A LATER STAGE OF NEGOTIATIONS. HE SAID HE WAS IMPROVING STAR-KIST PROFITABILITY BY OPENING UP BAIT-FISHING GROUNDS FORMERLY EXCLUSIVELY HELD

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BY JAPANESE CONSORTIUM. LACK OF BAIT FISH HAS APPARENTLY KEPT

STAR-KIST OPERATION OPERATING AT A LOSS, BUT TRUTANIC STATED CHANGE IN BAIT FISHING RULES SHOULD GIVE THEM NECESSARY OPPORTUNITY TO REACH BREAK-EVEN POINT OF 8,000 TONS SHIPJACK TUNA ANNUALLY WITH POTENTIAL TO GO WELL BEYOND THIS FIGURE.

3. CONGEN INFORMED MINISTER AND TRUTANIC WE COULD NOT SPEAK FOR EITHER EXIM BANK OR OPIC, BUT WOULD NOTIFY BOTH OF INTEREST HERE REQUESTING THEIR COMMENT. WE ALSO SUGGESTED TRUTANIC HAVE STAR-KIST REP IN WASHINGTON DISCUSS THIS MATTER WITH OFFICIALS AT BOTH INSTITUTIONS.

4. COMMENT: FROM U.S. POINT OF VIEW, PROPOSAL WOULD STIMULATE U.S. EXPORTS AS TRUTANIC SAYS U.S. EQUIPMENT WOULD BE UTILIZED IN PLANT. HE ALSO POINTED OUT IMPORTANCE OF EARLY TIE-IN WITH PNG AS THIS WOULD OPEN UP POSSIBILITY THAT PNG WOULD BECOME HAVEN FOR U.S. TUNA FLEET WHEN (AND IF) 200 MILE LIMIT IS IMPOSED. (WE ARE UNABLE TO EVALUATE THIS POINT.)

5. FROM GPNG POINT OF VIEW, PROJECT WOULD PROVIDE JOBS AND TAX REVENUE. MORE IMPORTANT, IT WOULD BE A COUNTER TO THE PRESENT DOMINANT JAPANESE FISHING INTERESTS WHICH HAVE BEEN OF GROWING CONCERN. JEPHCOTT'S ACTION IN GIVING STAR-KIST ACCESS TO JAPANESE BAIT FISHING GROUNDS INDICATES GPNG'S INTEREST IN HAVING AMERICAN TUNA INDUSTRY CONTINUE ACTIVE HERE. THIS PROJECT WOULD BE FIRST STEP IN BRINGING POTENTIALLY RICH INDUSTRY UNDER GPNG CONTROL.

6. WOULD APPRECIATE COMMENTS OF EXIM BANK AND OPIC ON THIS INFORMAL PROPOSAL.
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